



In: 3/11 By Friday, 3/14

State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3940/P1

MPG:emw&cjs:jm

stays

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Insert

1P2

Bygen

- 1 AN ACT *to create* 238.14 of the statutes; **relating to:** grants to certain small
2 businesses that receive federal grants and making an appropriation

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 3 SECTION 1. 238.14 of the statutes is created to read:
4 238.14 Grants to recipients of federal grants for research and
5 innovation. (1) In this section: Phase I
6 (a) "Federal grant" means a grant awarded by the federal government under
7 Phase I of the federal Small Business Innovation Research Program or Phase I of the
8 federal Small Business Technology Transfer Program.

Definitions
CS

Insert 1-8
Phase I
(1) (b) "State matching grant" means a grant awarded by the corporation under sub. (2). (2) 3

2-2 + result
3 (2) (a) The corporation shall develop and implement an economic development program to award state matching grants to qualifying recipients of federal grants under this subsection.

6 (b) A federal grant recipient may apply for a state matching grant on a form provided by the corporation.

8 (c) Subject to pars. (d) and (e), the corporation may award a state matching grant to a federal grant recipient that submits an application under par. (b) if the federal grant recipient's principal place of business is located in this state and the federal grant recipient demonstrates to the corporation's satisfaction that the activity to be conducted in connection with the federal grant will benefit the economy of this state. (c)

Phase I
(14) (d) Before the corporation awards a state matching grant, the corporation shall contract with the federal grant recipient. The corporation shall determine the contract's terms, including the amount of the state matching grant, after negotiation with the federal grant recipient. The contract shall include all of the following provisions:

19 1. That, at a time determined by the corporation and specified in the contract, the federal grant recipient shall file with the corporation a report that shows the federal grant recipient's expenditures of the federal grant and the state matching grant; and that, if the federal grant recipient fails to submit a report that is acceptable to the corporation, the corporation may order repayment of all or a portion of the state matching grant.

Phase I

2. That the federal grant recipient may assign the contract only upon the prior written consent of the corporation.

***NOTE: I did not include any language concerning the date of contract termination because that language seems unnecessary in a bill and may conflict with the reporting and grant disbursement provisions of the draft. Please let me know if you have any questions or if you still want to include language concerning the termination date of the contract.

(e) 1. The corporation may award a state matching grant up to an amount that is equal to \$50,000 or the amount of the federal grant, whichever is less.

2. The corporation may pay up to 50 percent of the state matching grant upon the award of the federal grant. The corporation may pay the remainder of the state matching grant upon the federal government's approval of the federal grant recipient's application for a grant under Phase II of the federal Small Business Innovation Research Program or Phase II of the federal Small Business Technology Transfer Program, or at a later date determined by the corporation.

***NOTE: This provision authorizes WEDC to disburse the second installment of a state matching grant once the federal government has approved a Phase II application for the grant recipient, but the provision gives WEDC some flexibility as to exactly when the second installment of a grant is disbursed after that point. I did not include the two-thirds/one-third distribution from the Montana program because that appears to conflict with the requirement that a grant recipient detail in its final report to the state how the state grant moneys were expended—under the Montana regime, the grant is not completely disbursed until the "Stage II" report is submitted to the state, assuming the "Stage II" report is a report submitted to the state and not the Phase II report required to be submitted to the federal government under the SBIR/STTR grant program. Please let me know if you would like to do something other than give WEDC discretion to disburse the second installment of the grant upon approval of the Phase II application or at a later date.

SECTION 2. Fiscal changes.

(1) In the schedule under section 20.005 (3) of the statutes for the appropriation to the Wisconsin Economic Development Corporation under section 20.192 (1) (a) of the statutes, as affected by the acts of 2013, the dollar amount is increased by \$187,500 for the first fiscal year of the fiscal biennium in which this subsection takes effect to provide grants to recipients of certain federal grants under section 238.14

1 of the statutes. In the schedule under section 20.005 (3) of the statutes for the
2 appropriation to the Wisconsin Economic Development Corporation under section
3 20.192 (1) (a) of the statutes, as affected by the acts of 2013, the dollar amount is
4 increased by \$187,500 for the second fiscal year of the fiscal biennium in which this
5 subsection takes effect to provide grants to recipients of certain federal grants under
6 section 238.14 of the statutes.

****NOTE: The proposal funds the grant matching program through an increase of
\$187,500 per fiscal year to WEDC's existing GPR appropriation for economic
development programs and general operations under s. 20.192 (1) (a). Is that consistent
with your intent?

7 (END)

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3940/P2ins
MPG:emw&cjs:jm

1 (C) INSERT 1-8

2 (b) "Phase II federal grant" means a grant awarded by the federal government
3 under Phase II of the federal Small Business Innovation Research Program or Phase
4 II of the federal Small Business Technology Transfer Program.

5 END INSERT 1-8

6 INSERT 2-2

7 (d) "Phase II matching grant" means a grant awarded by the corporation under
8 sub. (4). *grant program implementation.*

9 (2) The corporation shall develop and implement an economic development
10 program to award Phase I and Phase II matching grants under this section.

11 (3) (a) A Phase I federal grant recipient may apply for a Phase I matching grant
12 on a form provided by the corporation.

13 (b) Subject to par. (d) and the limitations under sub. (5), the corporation may
14 award a Phase I matching grant to an applicant under par. (a) if the applicant meets
15 all of the following conditions:

16 1. The applicant submits to the corporation a copy of the applicant's executed
17 Phase I federal grant agreement with the federal government or evidence
18 satisfactory to the corporation that the applicant has received at least one payment
19 of Phase I federal grant moneys.

20 2. The applicant certifies to the corporation that the applicant will not receive
21 over the duration of the Phase I matching grant any other state moneys intended to
22 match a Phase I federal grant.

****NOTE: Is this prohibition necessary? Are there any other such programs in state government?

for a period determined by the corporation,

-2-
for a period determined
by the corporation.

3. The applicant's principal place of business is located in this state and will
continue to be located in this state over the duration of the Phase I matching grant.

4. The applicant submits evidence satisfactory to the corporation that the
research to be conducted in connection with the Phase I federal grant will benefit the
economy of this state and that at least 51 percent of that research will be conducted
in this state.

5. The applicant intends to apply for a Phase II federal grant.

6. The applicant submitted its application under par. (a) within 180 days after
the applicant first received any moneys from the federal government under the
applicant's Phase I federal grant.

7. The applicant satisfies any other requirements established by the
corporation.

END INSERT 2-2

INSERT 3-2

(4) (a) A Phase I matching grant recipient may apply for a Phase II matching
grant on a form provided by the corporation.

(b) Subject to the limitations under sub. (5), the corporation may award a Phase
II matching grant to an applicant under par. (a) if the applicant meets all of the
following conditions:

1. The applicant submits evidence satisfactory to the corporation that the
federal government approved the applicant's final report for its Phase I federal grant,
and the applicant has satisfied any other applicable requirements for its Phase I
federal grant.

2. The applicant has submitted its application for a Phase II federal grant to
the federal government.

Phase II matching grants.
(5)

2
***NOTE: I did not include the requirement that an applicant for a Phase II matching grant must have received an invitation from the applicable federal agency to submit a proposal for a Phase II federal grant because the ~~drafting instructions~~ already contain the requirement that an applicant for a Phase II matching grant must have submitted a proposal for a Phase II federal grant to the federal government. Is that okay? (draft)

- 1
2
3
4
2. The applicant submitted its application under par. (a) within 90 days after the the applicant completed its research under the applicant's Phase I federal grant.
4. The applicant satisfies any other requirements established by the corporation.

3
***NOTE: I did not include "Stage I" and "Stage II" language for the state matching grant program because I want to avoid potential confusion with Phase I and Phase II of the federal grant program. Instead, I separated the application and grant requirements for matching grants for Phase I and Phase II federal grant recipients. Also, do you want a contract and reporting requirement for matching grants for Phase II federal grant recipients?

5 END INSERT 3-2

6 INSERT 3-4

7 (b) The corporation may not award grants under this section totalling more
8 than \$300,000 per state fiscal year.

9 END INSERT 3-4

provides that WEDC may only award a Phase II matching grant ~~that~~ ~~to~~ to a person who has been awarded a Phase II federal grant

Gallagher, Michael

From: Farrar, Andrew
Sent: Friday, March 14, 2014 4:41 PM
To: Gallagher, Michael
Subject: SBIR Draft Notes Responses
Attachments: Ver2NoteResponse.docx

Mike,

Please include the attached revisions to LRB 3940/p2 in a /1 of the bill.

Thank you and have a great weekend!

Andrew Farrar

Office of Representative Fred Clark

Andrew.Farrar@legis.wisconsin.gov

Office: (608) 266-7746

Toll Free: (888) 534-0081

SBIR/STTR Grant matching Program
3940/P2 Note Response
3/14/14

Pg. 2, Note: Remove prohibition. ✓

Pg. 4, Note 1: This is okay.

Pg. 4, Note 2: For the purpose of adding a contract and reporting requirement for matching grants for Phase II federal grant recipients, please include language from pg.3, lines 13-25, revised to reflect Phase II matching grant/ Phase II federal grant recipient.



keep initials

THURS

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1

Insert A

Coln Cat

1 AN ACT *to create* 238.14 of the statutes; **relating to:** grants to certain small
2 businesses that receive federal grants.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 238.14 of the statutes is created to read:

4 238.14 Grants to recipients of federal grants for research and
5 innovation. (1) DEFINITIONS. In this section:

6 (a) "Phase I federal grant" means a grant awarded by the federal government
7 under Phase I of the federal Small Business Innovation Research Program or Phase
8 I of the federal Small Business Technology Transfer Program.

1 (b) "Phase I matching grant" means a grant awarded by the corporation under
2 sub. (3).

3 (c) "Phase II federal grant" means a grant awarded by the federal government
4 under Phase II of the federal Small Business Innovation Research Program or Phase
5 II of the federal Small Business Technology Transfer Program.

6 (d) "Phase II matching grant" means a grant awarded by the corporation under
7 sub. (4).

8 (2) GRANT PROGRAM IMPLEMENTATION. The corporation shall develop and
9 implement an economic development program to award Phase I and Phase II
10 matching grants under this section.

11 (3) PHASE I MATCHING GRANTS. (a) A Phase I federal grant recipient may apply
12 for a Phase I matching grant on a form provided by the corporation.

13 (b) Subject to par. (c) and the limitations under sub. (5), the corporation may
14 award a Phase I matching grant to an applicant under par. (a) if the applicant meets
15 all of the following conditions:

16 1. The applicant submits to the corporation a copy of the applicant's executed
17 Phase I federal grant agreement with the federal government or evidence
18 satisfactory to the corporation that the applicant has received at least one payment
19 of Phase I federal grant moneys.

20 2. The applicant certifies to the corporation that the applicant will not receive,
21 for a period determined by the corporation, any other state moneys intended to match
22 a Phase I federal grant.

****NOTE: Is this prohibition necessary? Are there any other such programs in state government?

- x (1) 3. The applicant's principal place of business is located in this state and will
2 continue to be located in this state for a period determined by the corporation.
- x (3) (3) 4. The applicant submits evidence satisfactory to the corporation that the
4 research to be conducted in connection with the Phase I federal grant will benefit the
5 economy of this state and that at least 51 percent of that research will be conducted
6 in this state.
- x (7) (4) 5. The applicant intends to apply for a Phase II federal grant.
- x (8) (5) 6. The applicant submitted its application under par. (a) within 180 days after
9 the applicant first received any moneys from the federal government under the
10 applicant's Phase I federal grant.
- x (11) (6) 7. The applicant satisfies any other requirements established by the
12 corporation.
- 13 (c) Before the corporation awards a Phase I matching grant, the corporation
14 shall contract with the Phase I federal grant recipient. The corporation shall
15 determine the contract's terms, including the amount of the Phase I matching grant,
16 after negotiation with the Phase I federal grant recipient. The contract shall include
17 all of the following provisions:
- 18 1. That, at a time determined by the corporation and specified in the contract,
19 the Phase I federal grant recipient shall file with the corporation a report that shows
20 the Phase I federal grant recipient's expenditures of the Phase I federal grant and
21 the Phase I matching grant; and that, if the Phase I federal grant recipient fails to
(22) submit a report that is acceptable to the corporation, the corporation may order
23 repayment of all or a portion of the Phase I matching grant.
- 24 2. That the Phase I federal grant recipient may assign the contract only upon
25 the prior written consent of the corporation.

under this subdivision

SECTION 1

Par. (c) and

(4) PHASE II MATCHING GRANTS. (a) A Phase I matching grant recipient may apply for a Phase II matching grant on a form provided by the corporation.

(b) Subject to the limitations under sub. (5), the corporation may award a Phase II matching grant to an applicant under par. (a) if the applicant meets all of the following conditions:

1. The applicant submits evidence satisfactory to the corporation that the federal government approved the applicant's final report for its Phase I federal grant, and the applicant has satisfied any other applicable requirements for its Phase I federal grant.

***NOTE: I did not include the requirement that an applicant for a Phase II matching grant must have received an invitation from, and submitted a Phase II proposal to, the applicable federal agency because the draft already provides that WEDC may only award a Phase II matching grant to a person who has been awarded a Phase II federal grant. Is that okay?

2. The applicant submitted its application under par. (a) within 90 days after the applicant completed its research under the applicant's Phase I federal grant.

3. The applicant satisfies any other requirements established by the corporation.

***NOTE: I did not include "Stage I" and "Stage II" language for the state matching grant program because I want to avoid potential confusion with Phase I and Phase II of the federal grant program. Instead, I separated the application and grant requirements for matching grants for Phase I and Phase II federal grant recipients. Also, do you want a contract and reporting requirement for matching grants for Phase II federal grant recipients?

(5) LIMITATIONS. (a) The corporation may not award a Phase I or Phase II matching grant that exceeds \$50,000 or the amount of the Phase I or Phase II federal grant, whichever is less.

(b) The corporation may not award grants under this section totalling more than \$300,000 per state fiscal year.

(END)

and the applicant has been awarded a Phase II federal grant

Insert 4-13

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3940/lins
MPG:emw&cjs:jm

1 **INSERT A**

✱ This bill directs the Wisconsin Economic Development Corporation (WEDC) to
✱ establish a grant program under which WEDC awards state matching grants to
recipients of grants under Phase I and Phase II of the federal Small Business
Innovation Research program (SBIR) or Phase I and Phase II of the federal Small
Business Technology Transfer program (STTR).

Under the bill, the recipient of a Phase I SBIR or STTR federal grant may apply
to WEDC for a state matching grant in connection with the federal grant. WEDC
may award the state matching grant if the applicant satisfies certain conditions,
including that the applicant's principal place of business is located, and will continue
to be located, in Wisconsin; the applicant demonstrates to WEDC that the research
to be conducted in connection with the Phase I SBIR or STTR federal grant will
benefit Wisconsin and that at least 51 percent of that research will occur in
Wisconsin; and the applicant intends to apply for a Phase II SBIR or STTR federal
grant.

The bill further authorizes any person to whom WEDC awards a state matching
grant for the person's Phase I SBIR or STTR federal grant to apply to WEDC for an
additional state matching grant in connection with the person's Phase II SBIR or
STTR federal grant. WEDC may award such a state matching grant if the grant
applicant satisfies certain additional conditions, including that the applicant
demonstrates to WEDC that it completed any requirements for its Phase I SBIR or
STTR federal grant and that it has, in fact, been awarded a Phase II SBIR or STTR
federal grant.

WEDC must contract with a person to whom WEDC awards a state matching
grant under the bill. The contract must include the amount of the state matching
grant and must require that the state matching grant recipient submit a report to
WEDC that shows its expenditures of the Phase I or Phase II federal grant, as
applicable, as well as its expenditures of the state matching grant.

✓ Under the bill, WEDC may not award a state matching grant that exceeds the
✓ lesser of \$50,000 or the amount of the Phase I or Phase II SBIR or STTR federal grant,
as applicable. The bill also limits WEDC's total state matching grant awards per
state fiscal year to \$300,000.

2 **END INSERT A**

3 **INSERT 4-13**

4 (c) Before the corporation awards a Phase II matching grant, the corporation
5 shall contract with the Phase II federal grant recipient. The corporation shall
6 determine the contract's terms, including the amount of the Phase II matching grant,

1 after negotiation with the Phase II federal grant recipient. The contract shall include
2 all of the following provisions:

3 1. That, at a time determined by the corporation and specified in the contract,
4 the Phase II federal grant recipient shall file with the corporation a report that shows
5 the Phase II federal grant recipient's expenditures of the Phase II federal grant and
6 the Phase II matching grant; and that, if the Phase II federal grant recipient fails to
7 submit a report under this subdivision that is acceptable to the corporation, the
8 corporation may order repayment of all or a portion of the Phase II matching grant.

9 2. That the Phase II federal grant recipient may assign the contract only upon
10 the prior written consent of the corporation.

11 END INSERT 4-13

Barman, Mike

From: Rep.Clark
Sent: Wednesday, March 19, 2014 3:16 PM
To: LRB.Legal
Subject: RUSH Draft Review: LRB -3940/1 Topic: Fund-matching program for federal small business grants; creation of

****This is a rush****

Thank you!

Please Jacket LRB -3940/1 for the ASSEMBLY.